

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 OMB-01 TAR-02 SPC-03 AGR-20

AID-20 CIAE-00 COME-00 EB-11 INR-10 LAB-06 NSAE-00

OIC-04 RSC-01 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02

AF-10 ARA-16 EA-11 NEA-10 INT-08 SS-20 NSC-10 PRS-01

PA-04 USIA-15 L-03 H-03 DRC-01 /243 W

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TO SECSTATE WASHDC 0984

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: UNCTAD WORKING GROUP ON RULES OF ORIGIN: OECD
PREPARATORY MEETING OCTOBER 29

1. SUMMARY. AT OCTOBER 29 MEETING OECD GROUP OF EXPERTS
ON RULES OF ORIGIN GENERALLY AGREED TO TAKE CAUTIOUS,
PRAGMATIC APPROACH AT FORTHCOMING UNCTAD MEETING ON LDC
DEMANDS FOR SIMPLIFIED, STANDARDIZED, HARMONIZED PROCEDURES
GOVERNING RULES OF ORIGIN PROCEDURES UNDER
GENERALIZED SYSTEM OF PREFERENCES (GSP). MESSAGE
SUMMARIZES HIGHLIGHTS OF DISCUSSION. END SUMMARY.

2. OECD EXPERTS GROUP UNANIMOUSLY BELIEVED THAT 70-PAGES
UNCTAD DOCUMENT, TD/B/C.5/WG(IV)/A, WAS CIRCULATED MUCH
TOO LATE FOR DONOR COUNTRIES TO BE ABLE TO PREPARE WELL
CONSIDERED RESPONSES TO LDC DEMANDS IN TIME FOR NOV 5
UNCTAD MEETING IN GENEVA. IN CIRCUMSTANCES, THERE WAS
LITTLE HOPE FOR SUBSTANTIAL PROGRESS IN MODIFYING
RULES OF ORIGIN PROCEDURES BY JANUARY 1, 1974 AS
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REQUESTED BY LDCS. MANY FELT THAT UNCTAD DOCUMENT

TENDED TO REFLECT PRECONCEPTIONS OF UNCTAD SECRETARIAT RATHER THAN CONCRETE DIFFICULTIES ENCOUNTERED BY LDCS.

3. GROUP THOUGHT THAT TEXTILES, PLASTICS, AND NON-FERROUS METALS WERE IMPORTANT AREAS WHERE LDCS WERE HAVING TROUBLE COMPLYING WITH ORIGIN RULES AND AGREED TO TAKE OPEN-MINDED APPROACH IN CONSIDERING PRACTICAL SUGGESTIONS TO ALLEVIATE DIFFICULTIES. GROUP AGREED THAT PROBELMS ARISING FROM PERCENTAGES OF PROCESSING OR VALUE ADDED COULD NOT BE TREATED IN GENERALITIES BUT ONLY SECTOR BY SECTOR ON A CASE BY CASE BASIS.

4. GROUP RECOGNIZED NEED TO TRY TO STANDARDIZE LANGUAGE USED BY DONOR COUNTRIES IN PRESCRIBING RULES OF ORIGIN PROCEDURES FOR LDCS. CHAIRMAN SUGGESTED THAT INFORMAL OECD WORKING GROUP MIGHT BE SET UP TO UNDERTAKE THIS TASK POSSIBLY WITH HELP OF UNCTAD SECRETARIAT. SUCH GROUP MIGHT BE CONVENED AFTER UNCTAD MEETING. GROUP TOOK CAUTIOUS APPROACH TO QUESTION OF CUMULATIVE ORIGIN, WITH MOST DELS INCLINED TO EC VIEW OF GIVING POSITIVE CONSIDERATION FOR REGIONAL GROUPS OF LDCS WITH ADEQUATE ADMINISTRATIVE CAPACITY TO PROTECT AGAINST ABUSES OF ORIGIN REQUIREMENTS. CHAIR ALERTED GROUP TO DANGER OF ENCOURAGING TRIVIAL PROCESSING ACTIVITIES IN LDCS WHICH WOULD NOT CONTRIBUTE TO THEIR INDUSTRIALIZATION OR REAL GROWTH.

5. DIRECT CONSIGNMENT RULE. SWEDISH DEL POINTED OUT THAT HIS GOVERNMENT HAD ENCOUNTERED NO SERIOUS PROBLEMS WITH DIRECT CONSIGNMENT RULE EVEN THOUGH SWEDISH PROCEDURES WERE MUCH MORE LIBERAL THAN OTHER DONORS'. AUSTRIAN DEL INDICATED WILLINGNESS TO CONSIDER SOME RELAXATIONS OF DIRECT CONSIGNMENT RULE ON CASE BY CASE BASIS. CANADIAN DEL CAUTIONED AGAINST ANY LOOSENING OF DIRECT CONSIGNMENT RULE WHICH COULD CREATE CONFUSION AS BETWEEN DIFFERENT GOODS, BENEFICIARIES, ETC. CHAIR URGED GROUP TO TAKE FLEXIBLE APPROACH IN SPECIAL CASES, POINTING TO SINGAPORE IN ITS CAPACITY AS ENTREPOT FOR TRADE OF SEVERAL SOUTHEAST ASIAN COUNTRIES. HE EMPHASIZED, HOWEVER, THAT DONORS SHOULD GUARD AGAINST UNCLASSIFIED

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SUBSTITUTION OR MANIPULATION OF GOODS IN TRANSIT.

6. LDC PERFORMANCE IN COMPLYING WITH RULES OF GSP. GROUP AGREED THAT, GENERALLY SPEAKING, LDC COMPLIANCE WITH RULES OF GSP HAD BEEN DISAPPOINTING. EC DEL POINTED OUT, FOR EXAMPLE, THAT SOME 84 LDCS HAD NOT YET SENT AUTHENTICATED SPECIMENS OF STAMPS USED ON CERTIFICATES

OF ORIGIN. SWISS DEL SAID THAT MOST LDCS SIMPLY DID NOT REPLY TO QUERIES BY CUSTOMS OFFICIALS TO VERIFY ORIGIN AND CONTENTS OF COMPLEX SHIPMENTS. GROUP AGREED THAT THESE GENERAL COMPLAINTS BY DONORS SHOULD BE PRESENTED AS UNIFIED GROUP B POSITION TO AVOID IMPRESSION

THAT STRINGENCY OF APPLICATION OF RULES VARIES FROM ONE DONOR TO ANOTHER.

7. COORDINATION AND TACTICS AT GENEVA. GROUP AGREED THAT GABRIELSSON OF SWEDEN SHOULD ACT AS GROUP B COORDINATOR FOR UNCTAD MEETING AND THAT CHAIRMAN OF UNCTAD WORKING GROUP SHOULD BE FROM LDC. GROUP URGED ALL DELS TO SEND NAMES EXPERTS ATTENDING UNCTAD MEETING TO GABRIELSSON. ASAP.BROWN

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